99TH CONGRESS
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SENATE

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EXTENSION OF THE 1971 INTERNATIONAL WHEAT AGREEMENT

OCTOBER 3 (legislative day, SEPTEMBER 30), 1985.—Ordered to be printed

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Mr. LUGAR, from the Committee on Foreign Relations, submitted the following

REPORT

[To accompany Treaty Doc. 98-5]

The Committee on Foreign Relations, to which was referred the 1983 Protocols for the Further Extension of the 1971 International Wheat Agreement: (1) 1983 Protocol for the Further Extension of the Wheat Trade Convention, 1971; and (2) 1983 Protocol for the Further Extension of the Food Aid Convention, 1980; both signed on behalf of the United States on April 25, 1983, having considered the same, reports favorably thereon without amendment and recommends that the Senate give its advice and consent to ratification thereof.

PURPOSE

The purpose of the Protocols for the Extension of the Wheat Trade Convention, 1971, and the Food Aid Convention, 1980, which Conventions constitute the International Wheat Agreement, 1971 is to extend both Conventions through June 30, 1986. These Protocols were signed in Washington on behalf of the United States on April 25, 1983.

BACKGROUND

The International Wheat Agreement consists of two separate Conventions: the Wheat Trade Convention, 1971, and the Food Aid Convention, 1980, with a common preamble. The texts of the two Protocols further extending these two Conventions from July 1, 1983, through June 30, 1986, were adopted at a meeting of the International Wheat Council convened in London in December 1982.

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The seventh extension of the Wheat Trade Convention, like the six previous extensions, maintains the framework for international co-operation in wheat matters. It will authorize the International Wheat Council to continue to collect, analyze, and disseminate data on the international wheat situation, with particular reference to supply, demand, trade, and prices. The Council operates with an annual budget of slightly over $1 million and a staff of 23 employees. The United States contributes 14 percent of the annual budget, approximately $170,000 for the current year. The International Wheat Council, which meets semi-annually, provides a unique and valuable forum for international discussions to promote trade in wheat and wheat products and to resolve problems in a cooperative manner.

Effective July 1, 1980, the original Food Aid Convention, 1971, was replaced by the Food Aid Convention, 1980. This second extension maintains the parties' present commitments to provide minimum annual quantities of cereals food aid in needy developing countries. In the case of the United States, this commitment amounts to 4,470,000 metric tons, an amount well within our currently authorized food aid programs under Public Law 480, the Agricultural Trade Development and Assistance Act of 1954, as amended.

COMMITTEE ACTION

On September 19, 1984, the Committee voted unanimously to report the 1983 Protocols for the further extension of the 1971 International Wheat Agreement, but the Senate did not act on the Protocols before the 98th Congress adjournment. At its business meeting on September 24, 1985, the Committee again voted unanimously to report the Protocols.

EXECUTIVE BRANCH COMMENTS

During the 98th Congress, the Department of State provided the Committee with written testimony concerning the 1983 Protocols for the Further Extension of the 1971 International Wheat Agreement. That testimony follows:

STATEMENT BY DENIS LAMB, DEPUTY ASSISTANT SECRETARY FOR TRADE AND COMMERCIAL AFFAIRS, SEPTEMBER 18, 1984

The Department of State supports continued U.S. membership in the International Wheat Agreement, which consists of the Wheat Trade Convention, 1971, and the Food Aid Convention, 1980, and favors early Senate action giving its advice and consent to ratification.

In 1971, the United States participated in the negotiation of the Wheat Trade Convention and the Food Aid Convention; the United States became a member of both. The Conventions were originally negotiated as three-year agreements, and both were extended four times by protocols. In 1980, however, a new Food Aid Convention was negotiated, while the Wheat Trade Convention was extended for the fifth time.

In order to prevent the expiration of the two Conventions on June 30, 1983, the International Wheat Council, the governing body, adopted protocols in December 1982 to extend the Wheat Trade Convention, 1971 and the Food Aid Convention, 1980 for three years through June 30, 1986. Like the previous extensions, the proposed seventh extension of the Wheat Trade Convention, 1971 and the second extension of the Food Aid Convention, 1980 would maintain the framework for international cooperation in wheat trade and food aid matters.

The Wheat Trade Convention, 1971 seeks to contribute to the stability of the international wheat market, to promote the expansion of international trade in wheat and flour, and to further international cooperation in connection with world wheat problems. The Food Aid Convention, 1980 seeks through a joint effort of the international community to achieve the 1974 World Food Conference target of at least 10 million tons of food aid annually to developing countries in the form of wheat and other grains. Membership is open to wheat exporters and wheat importers.

The International Wheat Council (IWC) is the governing body of the International Wheat Agreement and provides a unique and valuable forum for international discussions to promote trade in wheat and wheat products and to resolve problems in a cooperative manner. As the world's largest exporter of wheat and as the country with the largest stocks, the United States is the Council's most active and influential member, and serves as the depository for the International Wheat Agreement and its protocols. The United States and Canada have the largest number of votes among all members of the Council. Votes are based on market share; the United States has 28.4 percent of the exporters' votes, or 14.2 percent of the total votes within the organization.

The Council also promotes U.S. interests by serving as a forum for the exchange of information on grains production and trade. Over the life of the Agreement, the Secretariat has developed considerable expertise on grain issues. It collects, analyzes, and disseminates data to Council members on the international wheat situation, with particular reference to supply, demand, trade, and prices. An Advisory Sub-Committee on Market Conditions meets periodically with the Secretariat to review market conditions. Additional member comments and direction are obtained at Council sessions which are attended by delegations composed of representatives of member governments as well as the industry and trade.

Secretariat studies which are distributed to members and are generally made available to the industry and trade include a monthly market study, the highly regarded annual world wheat statistics, and special studies on problems on grain handling and transportation and national stockholding policy. Currently, the Secretariat is studying the impact of various export practices including credit terms, subsidies, and special price practices on the volume and pattern of world wheat trade. We believe that studies such as these will encorage members to adopt free trade practices and contribute to expand U.S. agricultural exports.

The 1980 Food Aid Convention commits members to provide minimum annual quantities of cereals food aid to developing countries. In the case of the United States, this commitment amounts to

4,470,000 metric tons, an amount well within our currently authorized food aid programs under Public Law 480, the Agricultural Trade Development and Assistance Act of 1954 as amended. Food Aid Committee meetings which are held twice a year in conjunction with the International Wheat Council, enable members to monitor the implementation of the Food Aid Convention, and to review member food aid commitments and shipments.

The 1983 protocols for the further extension of the Wheat Trade Convention and the Food Aid Convention entered into force, July 1, 1983, as instruments of ratification or accession, or declarations of provisional application, were deposited by member governments whose combined votes total at least 60 percent of the total votes of the exporting members, and 50 percent for importing members. Most members have fulfilled their internal procedures for the ratification of the protocols extending the two agreements. The United States has not. Secretary of Agriculture Block signed the protocols for the United States on April 25, 1983.

The Department favors early Senate action to provide its advice and consent to the protocols. In our view, U.S. participation furthers the international economic and foreign policy interests of the United States.

The Department of State renewed its request in the 99th Congress that the Senate approve the Protocols. That rquest follows:

U.S. DEPARTMENT OF STATE,
Washington, DC, July 23, 1985.

Hon. RICHARD G. LUGAR, *Chairman,*
Committee on Foreign Relations, U.S. Senate.

DEAR MR. CHAIRMAN: Last September the Senate Foreign Relations Committee submitted a report on the 1983 Protocols for the Further Extension of the 1971 International Wheat Agreement. The Committee recommended that the Senate give its advice and consent to ratification thereof.

In our view, U.S. participation in the International Wheat Agreement furthers the international economic and foreign policy interests of the United States. There have been no significant changes or developments affecting the Agreement since last September.

Since the United States is one of the few signatory governments not to have completed ratification, the Department of State urges early action by the Senate to provide its advice and consent to the Protocols.

With best wishes,
Sincerely,

WILLIAM L. BALL III,
Assistant Secretary,
Legislative and Intergovernmental Affairs.

ENTRY INTO FORCE

The 1983 Protocol for the Further Extension of the Wheat Trade Convention, 1971 entered into force on July 1, 1983, in accordance with the provisions of article IX, paragraph 2 of the Protocol.

The 1983 Protocol for the Further Extension of the Food Aid Convention, 1980 entered into force on July 1, 1983 pursuant to article 9 of the Protocol.

TEXT OF RESOLUTION OF RATIFICATION

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of two protocols for the further extension of the International Wheat Agreement, 1971: (1) 1983 Protocol for the Further Extension of the Wheat Trade Convention, 1971; and (2) 1983 Protocol for the Further Extension of the Food Aid Convention, 1980. Both signed on behalf of the United States on April 25, 1983.

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